

country had shattered the confidence of the people in banks in general; that the terms and conditions formulated by the Government in respect of the proposed State-aided bank could not be considered sufficient to restore their confidence in banking activities and that it was absolutely necessary that Government should assume greater responsibility in the management of the proposed bank. He said that it was not sufficient if Government deposited a certain sum in the bank and that it was not satisfactory to deny the director to be nominated by the Government the right of vote, thereby making him powerless in regulating the working of the bank. The Government should themselves organise and manage the proposed bank with a view to give adequate impetus to the development of industries in the State, as was done in the States of Baroda, Mysore and Indore.

Dewan's reply.—You criticise the proposed constitution of the State-aided bank. You say that Government should assume responsibility for the working of the bank. In what way Government are to assume responsibility is not quite clear. But I may tell you this that Government have given the question their most careful and earnest consideration, and they thought, and still think, that their responsibility should be limited to the granting of a deposit to the bank of Rs. 5 lakhs—one-half of which will be free of interest and the other half bearing a small interest, to the appointment of a Government director without any power to vote, and to the deputation of some of their officers to examine the accounts of the bank. If Government were to assume any greater responsibility, the result would be to kill initiative and make the bank a pure State concern. I believe that this is not your idea. You refer to banks started in Baroda, Mysore and Indore. I have studied the constitution of those banks, and I may say that the Governments of Baroda, Mysore and Indore have not taken any more responsibility than what we propose to take here. The only difference is this, viz., that in those States the Government directors have the power to vote, while here the Government director will have no such right. He sits on the directorate as the representative of Government who have large interests in the bank; he will not be able to influence the decisions of the directorate; his duties will be confined to watching the working of the bank and bringing to the notice of Government any matter which deserves scrutiny. That is the only difference, so far as I remember, between the proposed bank and the banks in Mysore, Baroda and Indore. The departure we have made is a healthy one, since it vests more initiative in the hands of the people; it is a departure which, I think, should be welcome.

30. Aids to the mercantile class at Kottayam.

Mr. Ninan Iype (Member, Trading Classes, Kottayam) said that the town of Kottayam stood in need of the active support of Government in many matters connected with trade. In the first place, there was the immediate need for opening a tobacco bankshall. The merchants of Kottayam brought tobacco from Palghat and Chettipalayam after payment of duty at Arukutty and they were put to great loss, as compared with the tobacco merchants in other towns, since they were not in position to bond the stuff in warehouses prior to the payment of duty. The establishment of a tobacco bankshall at Kottayam would, in the opinion of the Member, remove the difficulties and the merchants as well as the Government would stand to gain in consequence. The traders of Mundakayam, Peermade and Kanjirapal could also then bond their stock at Kottayam.

The Member then requested that the market landing at Kottayam might be widened so as to give shelter to a larger number of boats than at present. The Cutcherry landing and the market landing were the two most important landing places of Kottayam, and, since the Cutcherry landing was at times not available for landing and for loading merchandise, it was necessary that the market landing should be widened and improved in the interests of trade.

The Member next represented that the two roads that connected the Cutcherry and the market landing with the market were steep and uneven, and that the condition of those roads deserved the early attention of the Government. The Member requested that the two roads referred to might be immediately levelled up and improved.

In conclusion, the Member expressed the gratitude of the trading classes to the Government for having decided to establish a State-aided Bank in accordance with the suggestions of the Economic Development Board. He expressed the hope that, when the scheme materialised, traders would be in a position to secure loans at low rates of interest on sufficient security and requested that Government might do everything in their power to give effect to the scheme at a very early date.

Dewan's reply.—You have spoken on four matters. The first is the establishment of a tobacco bankshall at Kottayam. There is a large tobacco bankshall at Alleppey and Alleppey is not more than twenty miles from Kottayam. I do not think that you have made out a case for the establishment of a separate bankshall at Kottayam.

You next refer to the improvement of the market landing at Kottayam. In regard to this, an estimate has already been sanctioned, lands are being acquired and there is provision for the work in the budget of the current year. The work is being attended to, and, I am sure, the Chief Engineer will see that it is completed as soon as possible.

You then request that two roads *viz.*, roads leading to the market landing and the Cutcherry landing, might be levelled and improved. That ought to be done by the Municipality. But, as I said in my Address, the question as to how Municipalities and the Government should share in the construction of roads has to be solved. That has been solved in the case of the Alleppey Municipality; and other Municipalities like Kottayam and Quilon will, I trust, soon come to some understanding with the Government in regard to the construction and maintenance of roads within their limits. When such an arrangement is effected, the roads in question will receive early attention. Lastly, the proposed establishment of the State-aided Bank will, no doubt, be of considerable help in the financing of trade and industries. As regards the actual establishment of that bank, however, I must say the matter lies entirely in your own hands. If you, gentlemen, who are interested in trade and commerce will subscribe the necessary share capital, the bank will be established, and the sooner you do it, the better.

31. Enhancement of Kudivila for old alloms.

Mr. K. Sivasubrahmanya Nadar (Member, Nominated) represented that all the salt required for consumption in the State, amounting to nearly 10½ lakhs of *maunds*, could be manufactured in the State itself. At present, nearly 8 lakhs of *maunds* of salt was being manufactured in the factories of South Travancore. The Tamara-colam old factory measuring 35 acres yielded nearly 1,50,000 *maunds* annually, at the rate of about 43 *maunds* per cent. If the 432 acres now under salt manufacture were made to yield at the rate of 28 *maunds* per one cent, it would suffice to meet the entire requirement of the country. The licensees of the old *allom* had converted the lands over which they had proprietary rights into salt pans and they had been given *pattas* therefor. But the Salt Regulation and the Rules framed thereunder reduced them to a position of mere tenants or lessees. Their dues were not properly paid and the necessary public works were not carried out by the Government. In a word, they were denied proprietary rights over their pans and the result was that the licensees became indifferent and left the pans to the actual cultivators, particularly as the proceeds of the pans hardly covered even the cost of labour. The Member suggested the following remedial measures :—

- (1) The licensees of the Tamaracolam old *allom* should be treated as proprietors.
- (2) The *kudivila* rates should be increased so far as those licensees were concerned.
- (3) The present system of storage of salt which only served to spoil the quality of the salt by being allowed to be largely mixed with mud should be abandoned.
- (4) The pans should be preserved by means of protective works from the inrush of fresh water.

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